



Market research



What is market research and why is it important?

Market research is about proving that there is a market for your social enterprise idea and finding out more about what this potential market really wants. It can also help test the feasibility of a new enterprise, gauge interest in new products or services, and even develop or improve your business strategy and your marketing.

Your 'market' refers to all the individuals or organisations that are interested in your product or service and that have the resources to pay for it.

Good market research will help you identify who your potential customers are (and who they are not), where they are, what they do, what they need, how much they are willing to spend on your product or service and whether they would be prepared to buy it from you. It will also look at direct and indirect competitors.

As well as identifying the market for your whole organisation, you can also do so for a particular initiative or project that you plan to run.

How does market research work?

You can start by completing a stakeholder analysis (see our guide on Identifying stakeholders for further guidance). This will help you consider all the people that matter for your social enterprise. The market research should focus in particular on the groups you have identified as customers and/or beneficiaries.

Good market research doesn't need to be costly but should be practical and realistic. It is strongly recommended that you combine primary or direct research with secondary research.

Primary research involves directly investigating what your customers and your beneficiaries' needs are (if they are different). You should ask them how they feel about your product or service, what they expect from it, how much they would be prepared to pay for it and whether they would purchase similar products or services from competitors.

Secondary research involves looking at existing information about your potential market either online or from government reports, local statistics, trade journals and any relevant published market information.

Things to look out for with market research

Identifying a social or environmental need does not necessarily mean that a market exists for your enterprise. Market research is crucial to help you find out whether there are people or organisations willing to pay for your product or services. This is essential if you want your enterprise to generate income.

It is also important to distinguish your beneficiaries from your customers. Although these can be the same groups, in some cases they are quite different. Beneficiaries are the people or organisations directly using your services. Customers are the people or organisations paying or commissioning your enterprise to deliver products or services. For example if your enterprise provides services for the elderly but your work is paid for by your local Primary Care Trust (PCT) – your beneficiaries are the elderly people you support and your customer is the PCT.

Knowing and understanding your beneficiaries is crucial if you want to demonstrate the need and the potential of the social or environmental impact that your enterprise has. However, keeping your customers central to market research is what will help make your enterprise financially viable.

Further guidance on market research

Primary Research – research your market.

- Have an idea of who you want to speak to or hear from
- Have an idea of what you want to know
- Sometimes it is good to have an idea of what you want to hear
- Think about where/how you will get the information.

If you think you will only have a few large customers try to identify two or three potential clients to start with and ask to meet with them. You should also get feedback and information from interviewing your existing customers (where possible). This will help you direct the rest of your market research.

If you are expecting to have a large number of smaller customers, online questionnaires or phone surveys are probably a better option.

Secondary research – find out what is already out there.

- Online research (local statistics, National Audit Office, competitors website)
- Trade associations and industry sources for specific sectoral data
- Articles in the media or research publications
- Other sources e.g. upmystreet (for local demographics).

Further information

Read our guide on Identifying your stakeholders:

The National Audit Office:

www.nao.org.uk

The National Archives:

www.nationalarchives.gov.uk

Neighbourhood Statistics:

www.neighbourhood.statistics.gov.uk

National Statistics:

www.statistics.gov.uk

The British Library Business and IP Centre:

www.bl.uk/bipc

Direct Gov (directory of Public Services):

www.direct.gov.uk

Local Gateway to National Support:

www.local.gov.uk

Up My Street:

www.upmystreet.com

For primary research, you can use online survey software such as **Survey monkey:**

www.surveymonkey.com